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Washington, D. C. 20505

DIRECTORATE OF INTELLIGENCE

19 November 1985

ARGENTINA: Current Weapons Requirements and Possible Suppliers

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Summary

The Argentine military is slowly recovering from the Falklands debacle of 1982 and is looking seriously at its weapons requirements for the late 1980s. [redacted] the Air Force's primary concern is the acquisition of new fighter aircraft and the retrofit of its existing inventory. Navy leaders are concentrating on upgrading air/sea rescue operations and anti-submarine warfare capabilities through the purchase of new helicopters. The Army hopes to procure a small number of heavy-lift helicopters to enhance its troop transport capabilities. The profile of Argentine arms acquisitions and statements by military leaders indicate that Argentina favors Western suppliers, but the Soviets may be able, over time, to exploit the Argentine military's reduced budget and status with renewed efforts to establish an arms transfer relationship with Buenos Aires. [redacted]

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Background

Despite the sharp cuts in the defense budget undertaken by President Alfonsin as part of his overall national austerity program, the Argentine armed forces have not halted their efforts

(Continued)

This memorandum was requested by the Deputy Assistant Secretary of State for Latin American Affairs. It was prepared by [redacted] South America Division, Office of African and Latin American Analysis, and was coordinated with the Directorate of Operations. Information as of 15 November 1985 was used in the preparation of this paper. Questions and comments may be directed to the Chief, South America Division, ALA, [redacted]

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[redacted]

to procure new military materiel and to improve combat readiness. Each service has prioritized its current requirements and is offering to sell existing equipment to finance new purchases, [redacted]. The supplier of choice for the Argentine forces at this point appears to be the United States, although we believe frustration with export restrictions imposed by Washington may lead the Argentines to consider alternate suppliers. [redacted]

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Air Force

The Air Force's first priority is the acquisition of new fighter aircraft to offset its losses in the Falklands and to modernize its aging inventory, [redacted]. The Air Force has placed its French-made Mirage III/V fighters and a number of the Argentine-built IA-58 Pucara ground attack aircraft on the market to help finance such acquisitions. The current focus of Air Force efforts is the transfer of the 12 A-4/Skyhawk aircraft that [redacted] were originally earmarked for the Navy, but the Air Force is hotly contesting that decision, [redacted] and Embassy reports. [redacted] that President Alfonsin hopes to resolve the argument through his request that the United States not only release the A-4s in Israel, but also sell Argentina an additional 16 A-4s that could be given to the Air Force. [redacted]

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Air Force leaders are considering longer-term plans as well, possibly without the administration's knowledge. [redacted] Argentina is proposing to replace its Mirage III/Vs in phases with increasingly more sophisticated US-made aircraft. The Argentine plan calls for the purchase of 24 A-4s in 1985, 24 A-4s in 1986, a squadron of A-7s in 1987, and discussions on the purchase of F-16s and F-20s in the 1988-1990 timeframe. Air Force Chief of Staff Crespo has already approached a US firm to discuss the purchase of 12 A-4Bs. [redacted] the US firm would provide Argentina with approximately 12 rebuilt A-4B airframes with the original J-65 engines. A second phase would involve re-engining the retrofitted airframes with newer US-made F404-100D engines--a version with no afterburner. The US firm would provide the prototype rebuilt airframe and would supply Argentina with detailed guidelines, equipment, and technical advice to complete the remaining airframes locally. In addition, the US firm has proposed a one-for-one swap as the aircraft are retrofitted--an old Argentine Air Force A-4 would be retired when a rebuilt A-4 became operational. [redacted] the swap plan was suggested to reduce the initial cost of the contract and to increase the chances for US Government approval of the sale. The cost of the first phase, including the completed prototype, technical advice, and the used airframes, is estimated at \$20 million. [redacted]

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If Argentina is unable to fulfill its fighter requirement through US suppliers, there is some indication that it may turn to the French. Despite the current dissatisfaction with the high operating and maintenance costs of the Mirage III/Vs, [redacted]

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[REDACTED]

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Argentina is considering a future purchase of the Mirage IV or possibly the Mirage 2000 [REDACTED]

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Moreover, the Air Force is also attempting to standardize its air transport capabilities and military officials eventually hope to build a fleet of 18 C-130 transport aircraft purchased from the United States [REDACTED]

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[REDACTED]

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Navy

The Navy's procurement program centers on helicopters for air/sea rescue operations and for anti-submarine warfare.* Navy officials are trying to generate revenues by offering for sale many items in the Navy inventory, including the British Type 42 destroyers, the Type 209 diesel submarines, the new West German-built frigates, and the TR-1700 attack submarine, according to US Embassy and [REDACTED]

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[REDACTED]

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The Navy recently completed an evaluation of various anti-submarine warfare (ASW) helicopters, [REDACTED] and concluded that the US-built Kaman SH-2 Light Airborne Multipurpose System (LAMPS) is the best helicopter for use on the new Meko-140 frigates. The Argentines considered French, Italian, and West German models, but found them unacceptable because they contain ASW electronic sensing

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equipment manufactured in the United Kingdom. []

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US State Department reporting also indicates that Navy officials have expressed interest in the following US-made items:

- Raytheon DE1191 hull-mounted sonar.
- AN/ASQ-18 sonar system.
- LVT-P7A1 marine tracked amphibious vehicle. []

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Army

Because the Argentine defense industries produce many of the items needed by the Army, its foreign procurement requirements are minimal. According to the US Embassy, the Army is seeking an unspecified number of US-built Sikorsky UH-60 Blackhawk helicopters for troop transport. A likely alternate choice would be the French Aerospatiale Super Puma. According to an outgoing State Department cable, the Army is also interested in other US equipment such as the Bell 206B helicopter with combat configuration and the M-113 family of armored personnel carriers. The Army--as well as the Navy and Air Force--is also seeking US training through credits and grants to offset the current cutbacks in the domestic defense budget. []

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Funding

Funding for new weapons procurement contracts is likely to remain a problem for Argentina. The military's 1984 budget only allowed for payments on equipment contracts that had been negotiated by the previous military government. The 1985 budget has still not been approved, but press reports speculate that, once again, very little funding will be designated for weapons procurement. The armed forces hope to supplement any allotted procurement funds with revenues from sales of equipment now in their inventories, but there has been little interest shown in these offers. If Buenos Aires does not negotiate any successful sales agreements in the near future, financing for new military purchases will have to come from changes in budget legislation, discretionary funds at the disposal of the President, or easy credit terms offered by suppliers. []

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Coproduction Agreements

Argentina's defense industries are also suffering from the budget cutbacks, and President Alfonsin is placing new emphasis on arms exports to generate needed income. The current industry offerings, however, have not done well on the international arms market and defense production officials are pressing Western nations for agreements to coproduce more marketable weapons. Argentina has approached the Italians for possible coproduction accords. The Defense Ministers of Argentina and Italy signed a military cooperation agreement in early September, according to press reports, whereby Rome will provide technology for the development and production of unspecified military equipment. []

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USSR: Wooing the Argentine Military.

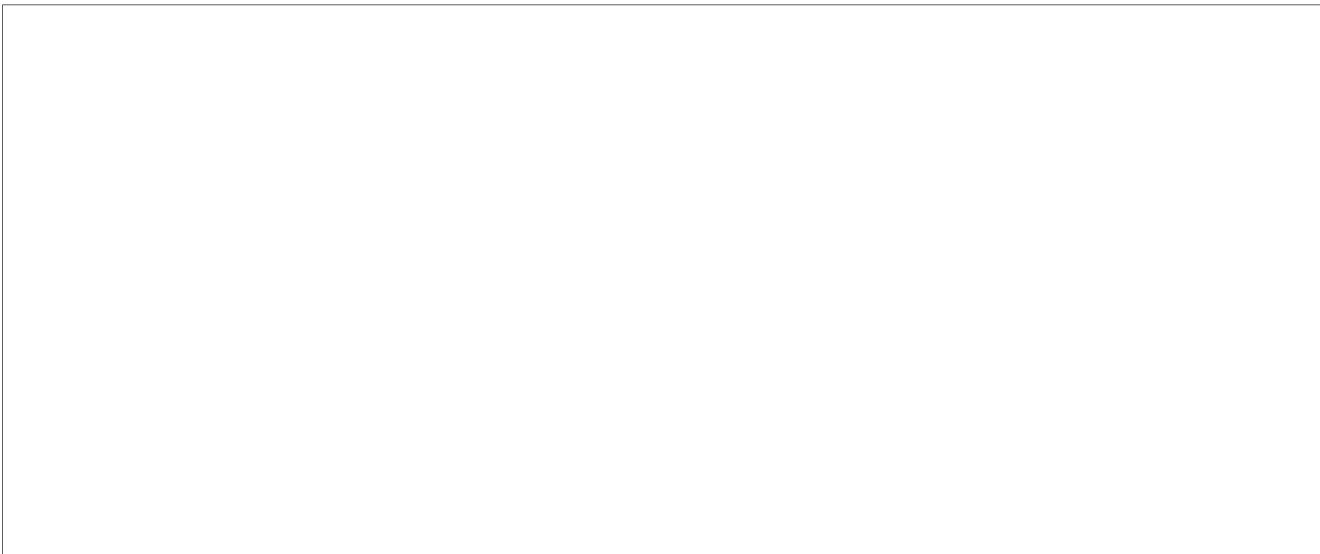
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Over the years, Moscow has made numerous unsuccessful attempts to expand its South American military equipment sales beyond Peru. Seeing Argentina's difficulty in securing Western materiel and wishing to balance its trade with Buenos Aires, Moscow may work harder to lure the Argentines into a military relationship. Moscow has renewed its longstanding offer to sell military equipment--including fighter and transport aircraft--to the Argentine armed forces, [REDACTED]

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The Argentine military has made it clear both publicly and privately that it is overwhelmingly anti-Communist and its responses to Soviet overtures have been extremely cool. [REDACTED] the Air Force and Army are at least beginning to show mild interest in Soviet technology. One Army and two Air Force pilots recently went to Peru to fly and evaluate Soviet-made Mi-8 helicopters and Su-22 fighter aircraft. [REDACTED]

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[REDACTED] In addition, [REDACTED] may have taken advantage of his visit to Lima for President Garcia's inauguration to inspect Peru's Soviet-made army materiel. [REDACTED]

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Pros and Cons. Argentina's present financial bind and the military's desire to maintain its inventory of equipment, coupled with the difficulty it has encountered in acquiring Western equipment, could make Buenos Aires vulnerable to Soviet overtures. Moscow is pressing Argentina to redress the current trade imbalance between the two countries, and arms transfers present a practical solution. Nevertheless, the military remains, in our view, staunchly anti-Communist and suspicious of Soviet motives. [REDACTED] top military leaders are fearful that an arms relationship would give Moscow an opportunity to meddle in Argentina's internal affairs. Military leaders have also observed Peru's relationship with the Soviets and want to avoid the maintenance, training, and logistics dependence inherent in a weapons agreement with Moscow. The Argentine military has not been impressed with the technical quality of Soviet arms and would prefer to acquire Western equipment compatible with its existing inventory, [REDACTED]

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[REDACTED]

We believe that Buenos Aires will continue to resist Soviet offers of combat arms at least over the near term. Argentina's need to reduce its trade imbalance with Moscow may spur military-related purchases from the USSR, but they are likely to be restricted to dual-use or low-technology items that would not require Soviet training or maintenance. Argentina may, however, threaten to purchase Soviet combat weapons to pressure the United States to act on pending transfer issues. Over the longer term, however, if Argentine military equipment and capabilities continue to deteriorate at the current rate, and financial strictures endure, Buenos Aires is likely to consider Soviet offers more favorably. [REDACTED]

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